

U.S./Canadian Horticultural Trade: An Update

Horticultural trade between the United States and Canada was among the agricultural sectors that experienced the most growth in the run-up to and entering into force of the North America Free Trade Agreement (NAFTA). Trade in horticultural products between the two countries continues to expand as a result of new market opportunities, which are benefitting their fruit and vegetable industries. U.S. horticultural product imports from Canada were valued at more than \$2 billion in 2000, about three times the value imported prior to the implementation of NAFTA in 1994. Canada's imports of U.S. horticultural products were valued at about \$3 billion in 2000. The balance of horticultural trade between the two countries has continued to favor the United States.

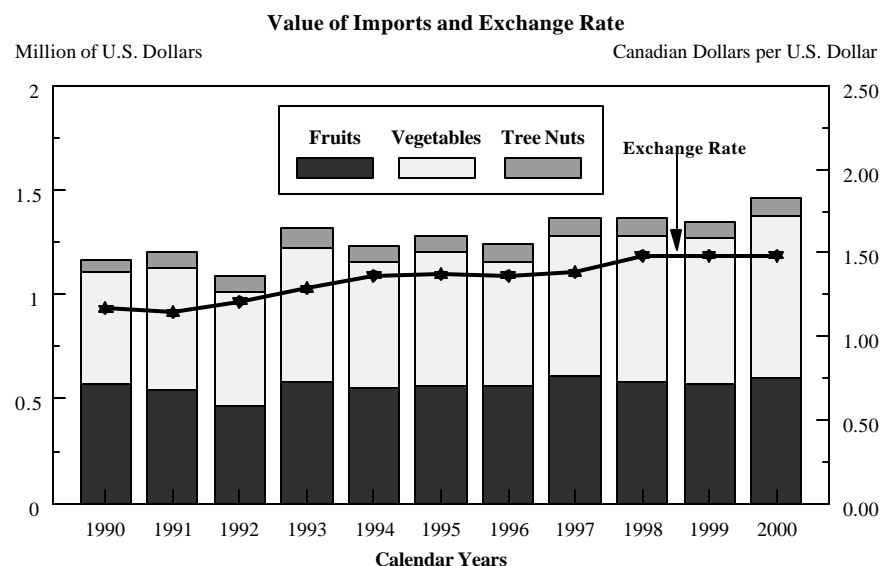
Canadian Imports

Canada's Imports from the United States Continue to Grow Despite Rising Costs

Canada's imports of U.S. horticultural products increased 5 percent from 1999 to 2000, recovering from a slight dip in 1999. Since 1990, horticultural imports from the United States increased nearly 30 percent. Fresh fruits, fresh vegetables, and tree nuts increased 5 percent, 46 percent, and 40 percent, respectively, since 1990.

This growth occurred despite a depreciation of the Canadian dollar against the U.S. dollar. The Canadian dollar fell 27 percent against the U.S. dollar from 1990 to 2000 making U.S. imports much more expensive for Canadians.

Canada's Imports of Fresh Produce from the United States



Source: World Trade Atlas

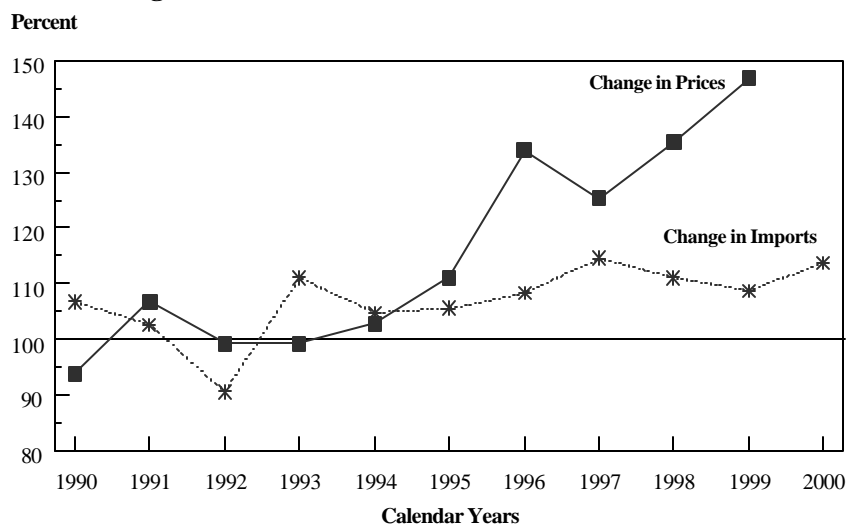
In the case of fresh fruits and tree nuts, the depreciation of the Canadian dollar combined with an increase in U.S. producer prices resulted in higher prices of imported U.S. fruits. As a result of this increase, Canada's consumption of U.S. fruits remained flat for much of the decade.

While U.S. producer prices for fruits and nuts finished the decade 23 percent higher than in 1990, the U.S. producer prices for vegetables fell by 25 percent over the same period. The fall in U.S. vegetable prices was offset by the depreciation of the Canadian dollar, resulting in a slight increase in adjusted vegetable producer prices.

Canadian consumers reacted favorably to the slow increase in the price of U.S. vegetables, purchasing 46 percent more vegetables from the United States in 2000 than they did in 1990.

Canada's Fruit and Nut Imports from the United States

Value Growth of Fresh Fruit and Nut Imports from the U.S. and Change in U.S. Producer Prices in Canadian Dollars Since 1990-92

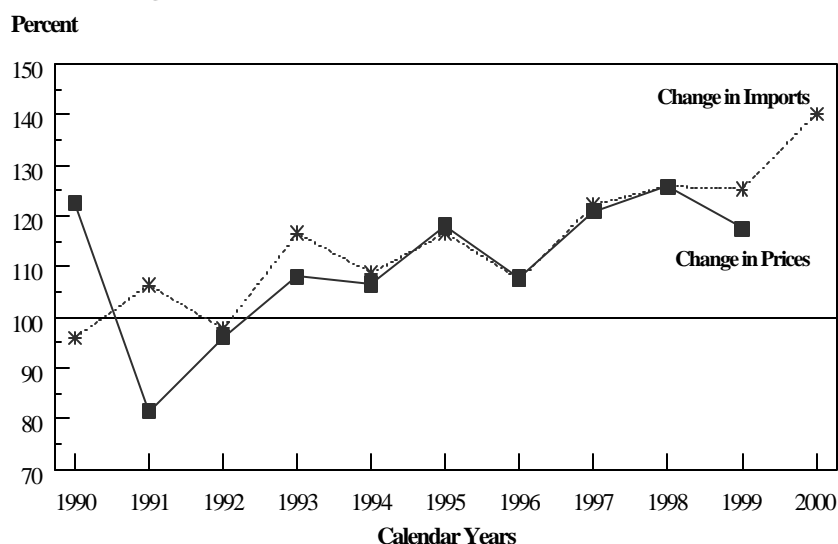


Values indexed to average of 1990-92

Source: World Trade Atlas and NASS

Canada's Vegetable Imports from the United States

Value Growth of Fresh Vegetable Imports from the U.S. and Change in U.S. Producer Prices in Canadian Dollars Since 1990-92



Values indexed to average of 1990-92

Source: World Trade Atlas and NASS

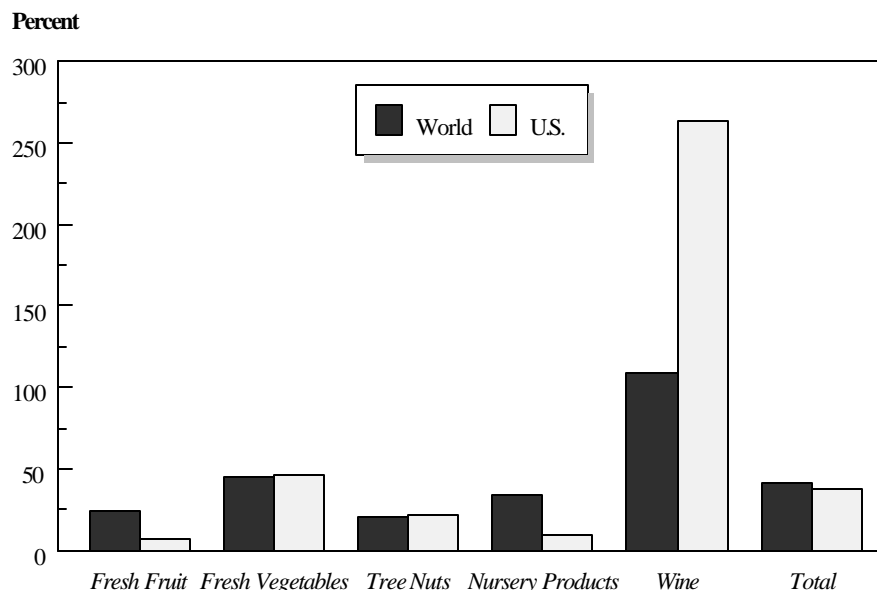
Canada's Horticultural Imports from the United States Keep Pace With Imports from Other Suppliers

Canada's imports from the United States grew at roughly the same rate as Canada's imports from the rest of the world; at 38 percent and 41 percent, respectively. This average growth across all horticultural products conceals the

decline in some specific commodity groups. The growth of imports of fresh fruit from the United States lagged that of other competitors by 72 percent, mainly due to a fall in Canada's imports of U.S. fresh citrus. Nursery products imports from the United States also suffered a relative decline. The dramatic growth in wine imports from the United States compensated for these losses.

Canada's imports of U.S. wine jumped from \$25 million in 1990 to \$90 million in 2000.

Canada's Horticulture Imports
Growth from 1990 to 2000 by Commodity Category



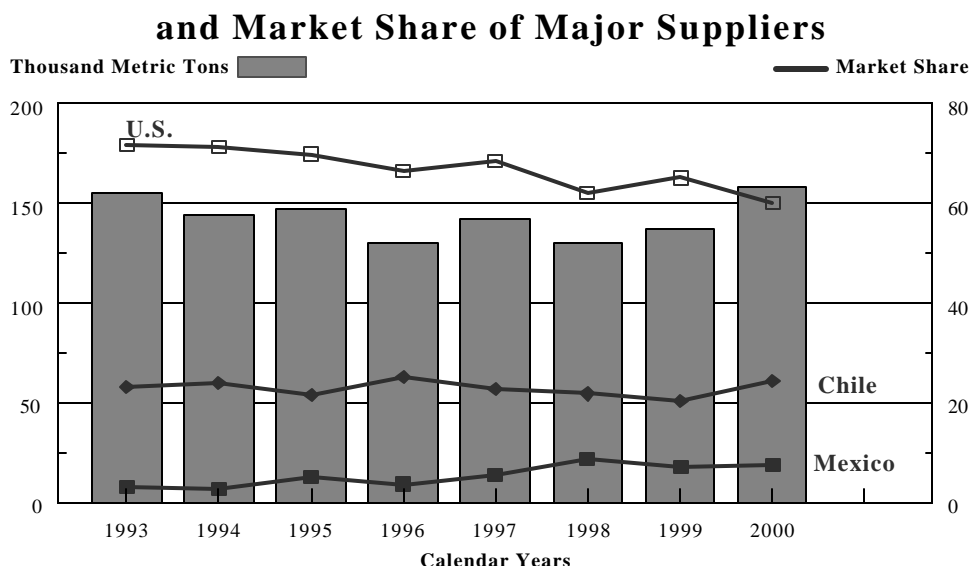
Imports valued in US dollars

Source: World Trade Atlas

Canada's Imports of U.S. Fresh Table Grapes Continue to Fall

Canada's imports of U.S. fresh table grapes continued to fall in 2000, due to increased competition from major suppliers. The value of Canada's table grape imports from the United States peaked in 1991 at \$117 million and fell throughout the 1990s reaching a low of \$95 million in 1998 before climbing back to \$106 million in 2000. Total Canadian imports of fresh table grapes increased almost 10 percent during the 1990's, while the U.S. share of table grape import volume fell from 71 percent in 1993 to 60 percent in 2000. The primary competitor in imported fresh table grapes during this period was Chile. The counter-seasonal pattern of Chilean table grape production means that Canadian consumers are now enjoying grapes year-round. The import pattern complements U.S. table grape marketing in Canada. Chile's volume share of Canada's table grape imports reached 22 percent in 2000. Chilean and Mexican table

grapes increased their share of the Canadian market, during the U.S. off-season. In 2000, the price of imported U.S. table grapes was \$1.12 per kilogram as compared to the average of \$1.29 per kilogram for all imported table grapes. The prices of Chilean and Mexican table grapes were \$1.69 and \$1.28 per kilogram, respectively. **Canadian Grape Import Market: Total Grape Imports and Market Share of Major Suppliers**



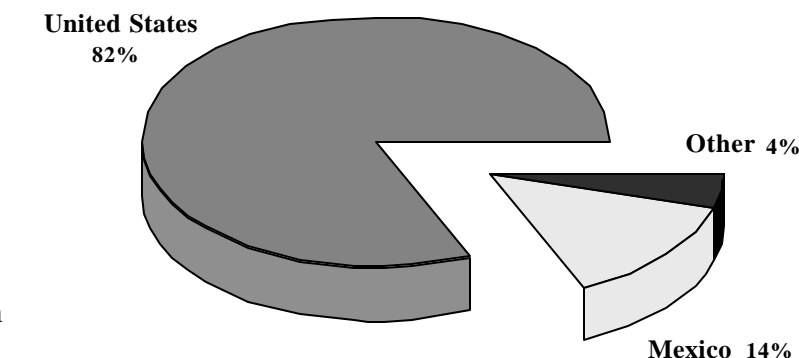
Source: World Trade Atlas

Canada's Import of Fresh Tomatoes

Volume Imported in 2000 172,707 Metric Tons

Canada's Imports of U.S. Fresh Tomatoes Continue to Grow

The United States is the largest supplier of fresh tomatoes to Canada, which purchased almost 80 percent of total U.S. tomato exports in 2000. Canada's imports of fresh tomatoes from the United States grew 43 percent from \$76 million in 1990 to \$110 million in 2000. This

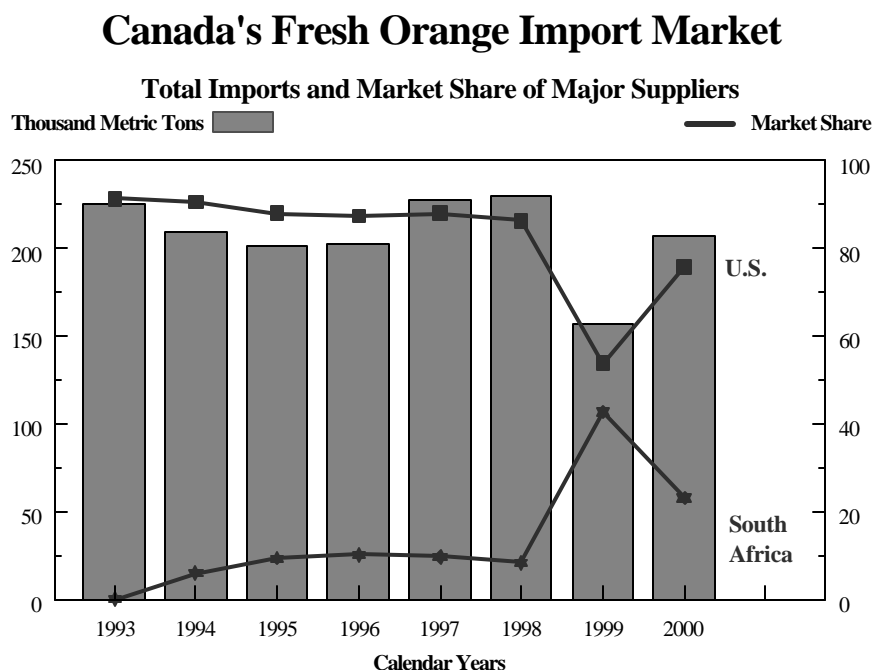


Source: World Trade Atlas

absolute growth allowed the United States to gain an 82-percent share of all fresh tomato imports into Canada. Florida, California, Arizona, Virginia, and Texas led all other states in exports of tomatoes to Canada, accounting for more than 90 percent of the total. In 1999, according to attaché reports, Florida exported 72,182 tons of tomatoes to Canada, valued at \$49 million. Moreover, tomato exports account for 14 percent of the value of Florida agricultural exports to Canada. Competition in the Canadian fresh tomato import market comes mostly from Mexico, which captured a 14-percent market share in 2000.

Canada's Stagnant Import Market for Fresh Oranges

Canada's market for imported fresh oranges was relatively constant during the 1990s at \$100 million dollars or 200,000 tons. During much of the decade the United States supplied over 85 percent of Canada's imported oranges. Canada's dependence on U.S. oranges makes the Canadian market vulnerable to citrus production shocks in the United States. In the winter of 1998-99, for example, an unseasonable freeze in California wiped out almost half of the state's



orange crop, creating market opportunities for competitors, such as South Africa. While imported oranges from South Africa fell from their 1999 levels, South African exporters who established contacts with Canada's food industry will continue to play a strong role in Canada's orange market for years to come.

U.S. Imports

Processed Fruits and Vegetables Lead U.S. Imports of Horticultural Products from Canada

Among the horticultural sectors, processed fruits and vegetables account for about 30 percent of the value of total U.S. horticultural product imports from Canada. Moreover, imports of frozen vegetables, the main processed horticultural product imported from Canada, have tripled since 1994. Total U.S. imports of Canadian frozen vegetables were valued at more than \$400 million in 2000.

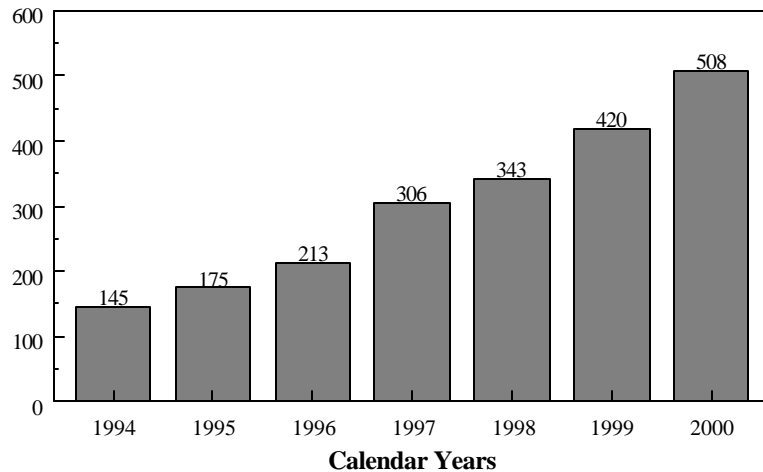
Likewise, U.S. imports of canned vegetables from Canada were valued at about \$75 million in 2000, seven times the value imported in 1994. Canada, Mexico, and Brazil supply most of the U.S. demand for imported processed fruits and vegetables.

Potato and Potato Products are also an Important Component

U.S. imports of Canadian potatoes and potato products have increase steadily since 1994, reaching a record \$405 million in 2000. However, bilateral trade in potatoes and potato products between the United States and Canada continues to be marked by several sensitive issues. Most U.S. potato imports from Canada are destined for the northeastern region for fresh table use. Trade in frozen and processed potatoes, however, has grown faster than trade in fresh potatoes. U.S. per capita consumption of table potatoes has declined, whereas per capita consumption of frozen french fries has increased.

Processed Fruits and Vegetables Account For About 30 Percent Of The Value Of Total U.S. Horticultural Imports From Canada

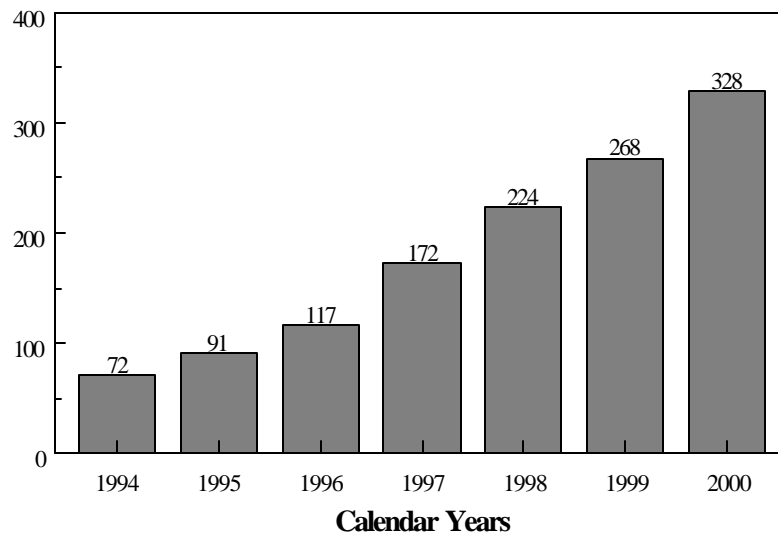
Million of Dollars



Source: U.S. Bureau of the Census

U.S. Frozen Potato Fry Imports from Canada

Million of Dollars



Source: U.S. Bureau of the Census